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Canadian Industrial Relations — The Task Force Report

Adolf Sturmthal

After an overall judgment of the Report, the author examines problems such as the emergency strike, the alienation of the worker, the long-term full employment, inflation, industrial democracy, union certification, union security and wage parity.

Following shortly upon the publication of the British Donovan Report, the release of the report of the Canadian Commission invites comparison (why the peaceful Canadians have chosen to call their committee a « Task Force » raises questions beyond the competency, but not the curiosity, of this observer). Obviously these two nations felt the need to take stock of what has come to be known as their « industrial relations system. » The debates and legislation in France regarding the role of the union in the plant and the vague slogan of « participation » in management, the attempts in West Germany to extend « co-determination » beyond its present narrow confines, and the abandonment by the new administration in the United States of the guideposts for wages and prices — all indicate that some self-conscious soul searching is going on in the industrial relations field in many of the Western countries.

While the reasons for this are many and varied, some themes occur again and again and indicate at least a few of the underlying causes for

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dissatisfaction and self-examination. One of those is the rising tide of public impatience with strikes in general and those in « essential enterprises » in particular. Another theme is the so-called « alienation » of the worker. A third problem area inviting examination and reform proposals is that of the famous magic triangle of full employment, price stability, free collective bargaining. In at least one case this has been enlarged into a quadrangle by the addition of a fourth element, that of exchange rate stability. Adjustment to rapid technological change in another recurrent theme. Most of these problems — the exchange rate issue is an interesting exception unless my search was too hasty — are dealt with in the report of the Canadian Commission.

There are obvious limits to what an outside observer, even one who has some acquaintance with Canadian problems including those of French-speaking Canada, and usefully say about the Report. Lack of knowledge of detail — which often looms so large in the industrial relations area — and considerations of tact combine to impose restraint. Moreover, this observer is compelled to state from the beginning that he is biased in favor of the Report. On a number of crucial questions the Report comes out in favor of almost precisely the formula which the reviewer would have chosen, had he been a member of the Task Force. It will then not come as a surprise to the reader that I regard this study as being located mostly on the side of the angels and, at least for this stage of our social evolution, as a forward-looking document. Most important of all: it allows for future changes and admits to ignorance where in its view, social scientists have failed so far to produce convincing evidence for one or another of the conflicting theses put forward in public discussions.

I shall take up some main themes and a few of the more tangential topics seriatim, referring to both the expository sections of the Report and the concluding « Recommendations and Observations » as they relate to a given topic. But before embarking upon this discussion, I should perhaps stress and endorse the overall judgment of the Report which accepts the principles of the present system while proposing modifications — none of which affects these « principles. »

Public Interest Conflict

The basic premise is the acceptance of « antagonistic cooperation » as the ideology of framework of industrial relations in a free society. This implies that the advantages of (relatively) freely arrived contracts are regarded as outweighing the undeniable but unavoidable disadvantages

inherent in the system such as strikes and lockouts.⁽¹⁾ Methods to reduce the volume and intensity of conflicts are recommended. The most intriguing propositions of the Report refer to those conflicts where the public interest is most directly involved, « emergency » strikes, i.e., strikes creating emergencies. The Report correctly observes that it is the duration of the stoppage which is of crucial importance in creating an emergency and that it is fundamentally a political decision whether and how a given stoppage ought to be terminated or not. The Report, motivated partly by a desire to keep these issues from sliding more and more into the political arena, suggests setting up a special Public Interest Disputes Commission. It is supposed to do two kinds of things : propose procedures for industries where strikes are most likely to « jeopardize the public interest, » and, second, handle actual disputes of this kind as far as they come under federal jurisdiction. The Commission might prescribe procedures for settlement, but not compulsory arbitration (or any of a series of other possible measures of compulsion). At the request of the government, however, the Commission might propose such measures which then the government might either enact or submit to Parliament for enactment. The Report clearly favors the latter procedure. In the light of U.S. experience with the Taft-Hartley procedures for dealing with emergency work stoppages, the unlimited variety of possible measures recommended in the Canadian report seems preferable.

There is far greater wisdom also in the Canadian way of dealing with public employees. That fire fighters and public law enforcement officers are deprived of the right to strike (and protected against the threat of a lock-out) seems reasonable enough, especially since they are given the right to organize and to bargain collectively and since binding arbitration rather than unilateral decision by the — public — employer is to be provided. Equally important is that this — and other — restrictions are based not upon some misunderstood notion of sovereignty — as is so often argued in the U.S. — but simply and reasonably upon « the high public interest in the continuing availability of the services of these officers as well as firefighters. » Why it should be impossible to approach this problem in the same down-to-earth fashion in the U.S. defies rational explanation. The same impartial and incisive reasoning is applied to the licensed professions. The Report deserves to be quoted on this issue :

(1) The fact that I am treating the strike issue as the first theme should not be interpreted to mean that I regard it as the most important or urgent problem. In my view, it is not ; but the public seems to regard it as such — off and no — and that fact makes it a first-rate political issue.

"Where self-employed professionals those to act collectively to establish fee schedules or otherwise to protect their economic interests, a case can be made that they . . . be required to act through an organization other than their licensing body in order to avoid a temptation to employ licensing as a restrictive device to reduce entry and control market supply."

After this forceful and — I believe — wise statement, it is somewhat of a let-down to find the Report recommend morely further study. This disappointment is somewhat offset by the Report's recommendation of collective bargaining rights for all kinds of legally independent and economically dependent groups such as fishermen, owner-drivers of taxis and trucks, and, though the Task Force was not empowered to do so, for agricultural and domestic workers who come under provincial legislation. Few groups need collective bargaining rights more than these last two.

Alienation of the Worker

A good deal more ought to be said about the Report's recommendations on the shortcomings of collective bargaining, especially on the limits in the scope of the issues subject to it. But we must move on to the next group of problems which have come to be known under the nowadays fashionable level of « alienation. » Even the Report — otherwise a sober document — has fallen victim to the revival of early Marxian terminology. It is probably correct that neither unions nor management fully understand the nature of the problem. Increased pay is no remedy and management's failure to select technologies that make « work more edifying » as the Report puts it, looms large in the picture.

Some of the most incisive but unfortunately inconclusive observations of the Report deal with union membership restiveness. This phenomenon extends of course far beyond the confines of Canada or the U.S. German unions, in a country with a long history of class consciousness, report that steady and large-scale recruitment of new members is required to maintain stable membership figures because of a large turnover. The Report lists a few of the most obvious explanations of this growing disenchantment of union members — particularly the younger ones — including the increasing difficulty of producing an internal consensus within the unions. I cannot help feeling, however, that there is far more to this phenomenon than the Report suggests. The « generation gap » matters in industrial relations almost as much as in the academic world.

Some Economic Issues

A sizeable portion of the Report is devoted to an examination of the problems attendant upon long-term full employment. Any discussion of this should start from the proposition that these are the problems of affluence and achievement, incomparably easier to bear than the horrible troubles of the lean thirties. Intellectually, on the other hand, we seem to be not much less helpless in the face of our current dilemmas than the Western world was when confronted, three decades ago, by long-term mass unemployment. The Report well reflects the current state of our knowledge. The « Yes — but » and « No — but, » on the one hand, and on the other hand, are dotted all over the landscape in those parts of the Report that deal with the analytical aspects of the problem. Still, there are some suggestions that progress is slowly being made in our understanding of the issues. As one example, the Report speaks of a trade-off « zone » between unemployment and inflation with the degree of inflation in the external environment being introduced as an additional variable. ⁽²⁾ It would appear that given the probable impact of the environment 3 per cent unemployment is incompatible with anything less than a 2 per cent annual increase in the consumer price index. Even with policies designed to eliminate sectoral bottlenecks an unemployment rate of 3.5 per cent would be required — under reasonably optimistic assumptions about external influences — to keep consumer price inflation at somewhere between 1.5 and 2 per cent.

From a special study of the Economic Council ⁽³⁾ it would follow that in the lower unemployment range — say around 3 per cent — Canada has a relatively high inflationary potential compared with other Western countries ; beyond 4 per cent it shares with the U.S. pride of place as a relatively non-inflationary country. ⁽⁴⁾ The U.K., at the same unemployment level, shows an annual rate of price increase of more than one per cent. Insufficient data exist to judge what Canada's standing would be below the 3 per cent level. Unfortunately these comparisons are based upon such short periods that few, if any, generalizations can be derived

(2) In actual fact, the concept of the trade-off zone was first used by the Economic Council of Canada in its *Third Annual Report*.

(3) Ronald G. Bodkin and others, *Price Stability and High Employment: The Options for Canadian Economic Policy* ; Special Study No. 5, Economic Council of Canada Queen's Printer, Ottawa, 1966.

(4) These relationships are based upon rigorous assumptions regarding the international rate of inflation. In fact, the U.S. experience of the last two years — though it does not meet the assumptions — does not seem to verify the conclusions of the study, although in all fairness it cannot be said that the experience clearly contradicts them.

from them — except the dubious comfort of the recognition that « no liberal democratic industrial state has mastered the trade-off challenge. »

The Report distinguishes three kinds of inflation : demand-pull, cost-push, and a third type related to demand-shifts. It would lead too far in this review of the Report to examine this classification in too much detail or to discuss the — to my mind, vastly exaggerated — hopes of the authors of the Report that « adequate cost-benefit analyses of unemployment and inflation » could assist in providing a safer basis for policy-making than judgment can provide. Unfortunately, some of the most important social consequences of unemployment and inflation are beyond the methods of measurement presently available. Moreover, the detailed configurations of unemployment and inflation — whose variety is infinite — are of material importance in determining both costs and benefits of any policy. Thus in a non-homogeneous society such as the U.S. it is important to consider not only the average unemployment rate but also its distribution over various population groups. Thus we know that Negroes appear twice as frequently in the unemployment statistics than the national average, that youngsters, particularly girls, have unemployment rates that are a multiple of those of the adults so that black youngsters bear a very disproportionate share of the burden of unemployment. No one can understand the contemporary social problems of the U.S. without reference to these facts. Admittedly, they would be of little relevance to Canada, but may nevertheless deserve at least a brief mention. In the end, the Report concludes with a warning against « the dangers of assigning the responsibility for inflation to particular causes » and favors full employment over price stability (p. 188), a formula whose vagueness expresses a noble sentiment rather than guidance for policy-making. Unfortunately the question still remains : how much inflation versus how much less unemployment ? I do, however, fully agree with the Report that « the real challenge is to improve the trade-off between the two. » The list of suggestions to this effect in the Report is impressive.

Other Problems

A number of other issues dealt with in the Report deserve at least a brief reference. The problem of industrial democracy is handled in about the same fashion it would be in the U.S., namely by treating the union as a countervailing force. Still I find it interesting that other forms of industrial democracy are at least mentioned « ranging from mutual co-operation to co-determination in areas not normally subject to collective bargaining. » This statement, though vague, goes further than any similarly official U.S. document is likely to do at present.

The proposals for union certification and even more those for decertification sound reasonable and interesting (particularly those for decertification). On the subject of union security, the Report favors the « agency fee, » i.e., a system in which employees in a bargaining unit represented by a union must pay the « regular and reasonable dues of the union, » whether they are members or not. This system to compensate the union for services which it must render under the law in behalf of all employees in the bargaining unit — whether union members or not — is at present widely discussed in Europe. German and Swiss unions have been complaining that union membership is slipping while the labor force is expanding, so that the number of « free riders » is growing rapidly. The sense of class solidarity which formerly motivated union affiliation to a very large extent has been declining at a fast pace while the remnants of feudal class consciousness disappear in the floods of prosperity, or were destroyed by the Nazi regime and the war. The agency shop seems a reasonable response to this situation. More realistic than the American legislator, the authors do not advocate outlawing further-going union security arrangements such as the closed shop, but prefer instead to provide guarantees for the union member's civil rights. Their protection is to be entrusted to a Public Review Board and legislation is to be enacted to ensure basic union democracy.

The Canadian problem in this area is complicated by the close relationship of many Canadian unions to a particular political party. While some unions seem to operate in this area in about the same way as U.S. unions do, others are closer to the British model. They see themselves as « instruments of social transformation » and in this effort cooperate with a particular party which they support. It is significant, in this context, that the Report recommends the adoption of the British model with regard to the handling of membership dues in an effort to protect union members with divergent political views. Indeed, the Report goes further even than the British in protecting the dissenting minority since the request of the union member for « opting out » can be made to the Canada Labour Relations Board rather than the union itself, in order to safeguard the anonymity of the union member. Quite clearly, these clauses would apply equally and especially in the case of agency shops where the issue of political loyalty may play an important role.

One word on the issue of « wage parity. » As long as this policy is formulated in terms which make Canadian dollars appear equivalent to U.S. dollars, one could regard the problem at first sight as one of semantics — words being taken as equivalent for facts. This, however,

is only a part of the story. Driven to its extreme, i.e., made universal, wage parity defined as above, would transfer to the balance of payments and through it to the exchange rate between Canadian and U.S. dollar the burden of adjustment for differences in labor productivity and thus change import prices for Canadians in such a way as to reflect the relative productivities. This is a possible system but it would deal with fiction (a dollar is a dollar whether Canadian or U.S.) rather than fact (real incomes). It is of course a vastly different proposition when applied to only one industry rather than the entire economy.

Some of the most intriguing questions that the Report raises in my mind relate to the impact of outside models upon a two-tradition country like Canada. There seems to be little doubt that the basic legal pattern derives from Britain. I am wondering whether the idea of the « extension » of collective agreements (making them applicable to firms of a particular industry not represented at the bargaining table) adopted by Quebec in 1934 ⁽⁵⁾ originated with the same source which inspired the introduction of the same principle in France, two years later. However, since the British had adopted a similar principle in the Cotton Manufacturing Industry (Temporary Provisions) Act of 1934 — as an exceptional measure for one industry faced with the possible collapse of the whole principle of collective bargaining — the ancestry of the « extension » method as it applied to Quebec, is probably difficult to establish. The more recent impact of American labor legislation, beginning with the Wagner Act, is fairly easy to ascertain in a large number of principles of Canadian industrial relations. The Report itself, however, has gone its own way. It may very well have set up in several points a model for its neighbor to the South to watch and, quite possibly, to follow.

RAPPORT DE L'ÉQUIPE SPÉCIALISÉE EN RELATIONS DU TRAVAIL

Le Canada, tout comme l'Angleterre avec son rapport Donovan, a senti le besoin de procéder à un sérieux examen de son système de relations industrielles.

(5) "... introduced a new element into the formal machinery of labor relations." H.D. Woods and Sylvia Ostry, *Labour Policy and Labour Economics in Canada*, Macmillan of Canada, Toronto, 1962, p. 23.

Sans vouloir reprendre chacun des thèmes développés par le « Task Force », nous nous arrêterons à ceux qui nous paraissent les plus importants à savoir les grèves en général — et également dans le secteur des services essentiels —, l'aliénation des travailleurs et quelques problèmes d'ordre économique.

Nous devons cependant dès le départ prévenir le lecteur que nous sommes biaisé en faveur du rapport et ce parce que ses conclusions sont presque identiques à celles auxquelles nous serions arrivé si nous avions été membre de cette Commission.

La recommandation la plus intéressante de ce rapport est à notre avis, celle qui réfère à la création d'une commission dite des conflits d'intérêt public pour pallier ou du moins diminuer la portée des grèves dites d'urgence. Cette recommandation est basée sur le désir de l'Équipe spécialisée d'éviter que ces conflits aboutissent de plus en plus sur la scène politique.

Un second groupe de problèmes a retenu l'attention des auteurs du rapport : on peut les coiffer du titre générique d'aliénation du travailleur. Sur ce point, notons simplement que l'Équipe spécialisée a été victime dans une certaine mesure, de la terminologie marxiste.

Une partie importante du rapport a été consacrée à l'étude des problèmes soulevés par le plein-emploi de longue période. Sur ce point, le travail des spécialistes est un bon résumé des connaissances actuelles sur le sujet. Notons cependant que quelques-unes des recommandations démontrent un certain progrès dans la compréhension de ce problème très complexe.

Les auteurs distinguent trois sortes d'inflation : celle due au « demand-pull », une autre consécutive au « cost-push » et un troisième type relevant des « demand-shifts ». Il serait beaucoup trop long d'examiner ici cette classification en détail. Notons simplement qu'ils aboutissent à une mise en garde contre les dangers de vouloir identifier des causes particulières à l'inflation. En plus, ils favorisent le plein emploi au détriment de la stabilité des prix, formule très vague qui est plus un vœu pieux qu'un guide pour l'établissement d'une politique.

Le rapport fait également mention d'un certain nombre d'autres problèmes : la démocratie industrielle, l'accréditation, la « désaccréditation » et la sécurité syndicale, chapitre où les auteurs proposent l'établissement de l'« agency fee » en réponse à la baisse constante du sens de solidarité de classe. Nous sommes ici d'accord avec les auteurs et nous croyons qu'ils manifestent sur ce point un plus grand réalisme que le législateur américain. Le rapport attaque également la question délicate de la parité de salaire et le sérieux problème de l'impact des autres systèmes de relations industrielles sur un pays à double tradition tel le Canada.

Sur plusieurs points, l'étude de l'Équipe spécialisée en relations du travail peut avoir établi un modèle que les Américains devraient examiner et peut-être même, suivre.